January 13, 2004

HOUSE BILL No. 1002

DIGEST OF HB 1002 (Updated January 7, 2004 8:50 pm - DI 92)

Citations Affected: IC 6-1.1; noncode.

Synopsis: Standard homestead deduction. Applies the provisions related to the assessment of rental property for assessment dates after February 29, 2004 and property taxes first due and payable in 2005 and thereafter. Increases the maximum homestead standard deduction amount for two years. Increases the minimum standard homestead deduction from 50% of the assessed value of the homestead to 55% of the assessed value of the homestead.

Effective: Upon passage.

Bauer

December 4, 2003, read first time and referred to Committee on Ways and Means.
January 12, 2004, amended, reported — Do Pass.

January 13, 2004

Second Regular Session 113th General Assembly (2004)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type.~~

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2003 Regular Session of the General Assembly.

C o p y

HOUSE BILL No. 1002

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 6-1.1-4-39, AS ADDED BY P.L.1-2004, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 39. (a) For assessment dates after February ~~28, 2005,~~ **29, 2004,** except as provided in subsection (c), the true tax value of real property regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more and that has more than four (4) rental units is the lowest valuation determined by applying each of the following appraisal approaches:

(1) Cost approach that includes an estimated reproduction or replacement cost of buildings and land improvements as of the date of valuation together with estimates of the losses in value that have taken place due to wear and tear, design and plan, or neighborhood influences.

(2) Sales comparison approach, using data for generally comparable property.

(3) Income capitalization approach, using an applicable capitalization method and appropriate capitalization rates that are

developed and used in computations that lead to an indication of value commensurate with the risks for the subject property use.

(b) The gross rent multiplier method is the preferred method of valuing:

(1) real property that has at least one (1) and not more than four (4) rental units; and

(2) mobile homes assessed under IC 6-1.1-7.

(c) A township assessor is not required to appraise real property referred to in subsection (a) using the three (3) appraisal approaches listed in subsection (a) if the township assessor and the taxpayer agree before notice of the assessment is given to the taxpayer under section 22 of this chapter to the determination of the true tax value of the property by the assessor using one (1) of those appraisal approaches.

(d) To carry out this section, the department of local government finance may adopt rules for assessors to use in gathering and processing information for the application of the income capitalization method and the gross rent multiplier method. A taxpayer must verify under penalties for perjury any information provided to the assessor for use in the application of either method.

SECTION 2. IC 6-1.1-12-37, AS AMENDED BY P.L.192-2002(ss), SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 37. (a) Each year a person who is entitled to receive the homestead credit provided under IC 6-1.1-20.9 for property taxes payable in the following year is entitled to a standard deduction from the assessed value of the real property, mobile home not assessed as real property, or manufactured home not assessed as real property that qualifies for the homestead credit. The auditor of the county shall record and make the deduction for the person qualifying for the deduction.

(b) Except as provided in section 40.5 of this chapter, the total amount of the deduction that a person may receive under this section for a particular year is the lesser of:

(1) ~~one-half (1/2)~~ **fifty-five percent (55%)** of the assessed value of the real property, mobile home not assessed as real property, or manufactured home not assessed as real property; or

(2) **the following:**

(A) Thirty-five thousand dollars ($35,000) **for property taxes first due and payable in 2003 (or that would have been first due and payable in 2003 if the general reassessment affecting the taxing unit had been completed on the date required under IC 6-1.1-4-4(a)).**

(B) Forty-four thousand dollars ($44,000) for property

taxes first due and payable in 2004 (excluding any amount that would have been first due and payable in 2003 if the general reassessment affecting the taxing unit had been completed on the date required under IC 6-1.1-4-4(a)).

(C) Thirty-nine thousand five hundred dollars ($39,500), for property taxes first due and payable in 2005.

(D) Thirty-five thousand dollars ($35,000) for property taxes first due and payable in 2006 and thereafter.

(c) A person who has sold real property, a mobile home not assessed as real property, or a manufactured home not assessed as real property to another person under a contract that provides that the contract buyer is to pay the property taxes on the real property, mobile home, or manufactured home may not claim the deduction provided under this section with respect to that real property, mobile home, or manufactured home.

SECTION 3. [EFFECTIVE UPON PASSAGE] **(a) IC 6-1.1-12-37, as amended by this act, applies only to property taxes first due and payable after December 31, 2003, for assessment dates after February 28, 2003.**

(b) Each year a person who is entitled to receive the homestead credit under IC 6-1.1-20.9 for property taxes first due and payable in 2004 is entitled for that year to the deduction under IC 6-1.1-12-37, as amended by this act, from the assessed value of the real property that qualifies for the homestead credit.

SECTION 4. **An emergency is declared for this act.**

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1002, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 6-1.1-4-39, AS ADDED BY P.L.1-2004, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 39. (a) For assessment dates after February ~~28, 2005,~~ **29, 2004,** except as provided in subsection (c), the true tax value of real property regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more and that has more than four (4) rental units is the lowest valuation determined by applying each of the following appraisal approaches:

(1) Cost approach that includes an estimated reproduction or replacement cost of buildings and land improvements as of the date of valuation together with estimates of the losses in value that have taken place due to wear and tear, design and plan, or neighborhood influences.

(2) Sales comparison approach, using data for generally comparable property.

(3) Income capitalization approach, using an applicable capitalization method and appropriate capitalization rates that are developed and used in computations that lead to an indication of value commensurate with the risks for the subject property use.

(b) The gross rent multiplier method is the preferred method of valuing:

(1) real property that has at least one (1) and not more than four (4) rental units; and

(2) mobile homes assessed under IC 6-1.1-7.

(c) A township assessor is not required to appraise real property referred to in subsection (a) using the three (3) appraisal approaches listed in subsection (a) if the township assessor and the taxpayer agree before notice of the assessment is given to the taxpayer under section 22 of this chapter to the determination of the true tax value of the property by the assessor using one (1) of those appraisal approaches.

(d) To carry out this section, the department of local government finance may adopt rules for assessors to use in gathering and processing information for the application of the income capitalization method and the gross rent multiplier method. A taxpayer must verify under penalties for perjury any information provided to the assessor for use in the application of either method.".

Page 1, line 14, strike "one-half (1/2)" and insert "**fifty-five percent (55%)**".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1002 as introduced.)

CRAWFORD, Chair

Committee Vote: yeas 17, nays 10.